

**DECISION RECORD
NEW YORK CANYON GEOTHERMAL EXPLORATION PROJECT
ENVIRONMENTAL ASSESSMENT
DOI-BLM-NV-W010-2010-0004-EA**

Introduction

The BLM Humboldt River Field Office (HRFO) received and accepted a geothermal Operations Plan from Terra-Gen Power Dixie Development, LLC (TGP) on October 14, 2010, under the provision of 43 CFR 3261.12. The Operations Plan describes construction of up to 15 well pads, construction of on-lease access roads, surface pipelines and associated ancillary facilities (including a man-camp) for the purpose of drilling geothermal observation wells at TGP's New York Canyon geothermal Lease Area. The New York Canyon Geothermal Lease Area is located primarily in Pershing with some overlap into Churchill County, Nevada.

The Lease Area actually consists of seven geothermal leases all owned by TGP, and encompasses 15,971 acres. TGP has identified an area of interest where the proposed 15 wells may be drilled within six of the seven leases. This primary area of interest within the six lease areas has been identified as the Project Area.

On February 2, 2010, TGP submitted to BLM, an application for a right-of-way (ROW), for off-lease access roads to the Lease Area and access roads and above ground piping between the six leases. The proposed ROW has been assigned serial number NVN-88195.

As required under the provisions of 43 CFR 3261.11 and .13, a complete drilling program and individual Geothermal Drilling Permits (GDPs) would be submitted as the project initiates and progresses. Each GDP is reviewed by a petroleum engineer and surface management specialist and requires approval by the Authorized Officer.

An environmental analysis was completed for the Proposed Action and, in addition to the No Action Alternative, resulted in two action alternatives to the Proposed Action. These two action alternatives, Alternatives 2 and 3, were developed as a result of the proximity to Traditional Cultural Properties (TCPs).

Conformance

The Proposed Action and alternatives to the Proposed Action are subject to the BLM, Winnemucca District Office Sonoma-Gerlach Management Framework Plan (MFP), dated July 9, 1982. Objective M-5 of the Sonoma-Gerlach MFP states: "Make energy resources available on all public lands and other lands containing federally owned minerals." However, the decision at M-5.5 established restrictions on certain public lands.

No Surface Occupancy Waiver

Native American Consultation revealed that the southern portion of the Project Area had the potential to impact a National Register of Historic Places Listed Traditional Cultural Property (TCP) known as the Dave Canyon TCP. In order to protect and preserve this TCP, a suggested alternative was to extend exploration into the northeastern lease N-89893. However, a portion of that Project Area crosses section 33, which is stipulated to have No Surface Occupancy due to another recommended TCP which partially overlapped the lease boarder. The lease stipulation and legal description are as follows:

- No surface occupancy in or near TCPs or sacred sites.
Authority/Supporting Documentation:
 - EA-NV-02-029 Geothermal Resources Leasing PEA, September 2002
 - PEIS for Geothermal leasing in the Western US, October 2008
- Parcel NV-09-07-058
T. 26 N., R. 36 E., section 33
MDM, Nevada, PROT All

Further Native American consultation for this project revealed that the northern boundary of the aforementioned TCP did not extend as far into section 33 as previously thought. Therefore, thought was given to whether the NSO could be receded if not completely lifted in order to extend exploration into the northern Project Area. Since the revised TCP boundary still extended slightly into the southern section of section 33, it was not advisable to lift the NSO for the entirety of the section; however, BLM recommended and made a decision to lift the N1/2 and the N1/2 of the S1/2 of section 33, T. 26 N., R. 36 E. Partially waiving this stipulation does not affect the analysis of this project or any conclusions made. The decision date for this waiver was signed by the Winnemucca District Manager on June 10, 2010.

Monitoring and Mitigation Measures

The mitigation measures developed in the Environmental Assessment (EA) contain appropriate measures to minimize identified impacts from the operations and are hereby incorporated into this Decision Record. These mitigation measures are individually attached to each approved Geothermal Drilling Permit as Conditions of Approval (COAs). The individual lease stipulations developed at the time of issuance of the leases are also attached and are part of this decision as well as the terms and conditions for the Right-of-Way grant.

The BLM will be responsible for monitoring approved operations to ensure compliance with COAs for the Operations Plan, Geothermal Drilling Permits (GDPs) and associated Lease Stipulations and Terms and Conditions of the ROW grants in accordance with 43 CFR 3260 and 43 CFR 2800.

DECISION

Based on the New York Canyon Geothermal Exploration EA DOI-BLM-NV-W010-2010-0004-EA and the attached Finding of No Significant Impact (FONSI), it is my decision to allow TGP to proceed with geothermal exploration as analyzed under the Proposed Action subject to all the mitigation developed in the EA, which will now be referred to as COAs. See attached.

The Proposed Action includes the drilling of up to 15 exploration wells, temporary water wells for the purpose of drilling geothermal exploration wells and the construction of access roads within the Project Area. Interim and final reclamation activities proposed for this project are described in section 2.9.1 of the EA and have been designed to suit the concerns raised through Native American Consultation and remain consistent with BLM and Nevada Division of Minerals (NDOM) requirements.

It is also my decision to authorize FLPMA Right-of-Way (ROW) NVN-88195 to provide lease-to-lease roadway and pipeline access.

These decisions are subject to the attached COAs to the Operations Plan and any subsequent Geothermal Drilling Permits (GDPs) and Terms and Conditions to the ROW.

Per Instruction Memorandum (IM-2002-053), this decision has taken into consideration the President's National Energy Policy and Executive Order 13212. The Proposed Action would not generate any adverse energy impacts or limit energy production and distribution.

Rationale

1. The Proposed Action is in conformance with the Sonoma-Gerlach MFP dated July 1982.
2. The Proposed Action is in conformance with the Energy Policy Act of August 2005.
3. Per Instruction Memorandum (IM-2002-053), this decision has taken into consideration the President's National Energy Policy and Executive Order 13212. The Proposed Actions would not generate any adverse energy impacts or limit energy production and distribution.
4. The EA and FONSI support the Decision.
5. The Conditions of Approval.

Public Outreach/Involvement

Scoping and Preliminary EA

A 30-day scoping period, beginning in early November 2009, yielded two comments from two State of Nevada agencies. The issues identified during this scoping were incorporated into the planning effort, along with discussions with other agencies, and the professional insight of BLM staff.

The preliminary EA was posted on the BLM's Winnemucca Field Office web page for a 30 day public review on March 30, 2010. A press release, delivered electronically to media outlets throughout Northern Nevada, notified the public of the Preliminary EA's availability on the website. Five comment letters were received from TGP, coordinating state agencies and an interested environmental group.

Native American Consultation

Native American Consultation has been continuous through the evaluation of this project. The Fallon tribal government is opposed to situating geothermal operations and a possible future

geothermal power plant in the southern Buena Vista Valley. However, they acknowledge that geothermal drilling in the southern Buena Vista Valley would have short-term, temporary impacts if all mitigation measures described in the EA are implemented as COAs. The Dave Canyon TCP users are opposed to geothermal operations in the vicinity of the Dave Canyon TCP. They acknowledge that if the mitigation measures described in the EA are implemented there should only be short-term, temporary impacts to the Dave Canyon TCP.

Development of geothermal resources at the New York Canyon site supports state and federal initiatives to expand development and use of renewable energy resources.

Appeal

If you feel you are adversely affected by this decision, you may appeal to the Interior Board of Land Appeals per the attached appeal form (1842-1). You must file your appeal and attach a statement of reasons, within 30 days from receipt of this decision.



Michael Truden
Field Manager
Humboldt River Field Office

10-15-10
Date

Attachments:

EA
FONSI
COAs to Operations Plan
COAs to GDPs
ROWs
Form 1842-1

APPENDIX I

New York Canyon Geothermal Lease Area Legal Descriptions

<u>Lease No.</u>	<u>Acreage</u>	<u>Description of Lands</u>
N-74854	651	T26N-R35E, MDM Section 35: All
N-76298	1,913.00	T25N-R35E, MDM Section 1: All Section 2: All Section 3: All
N-76299	1,120.00	T25N-R35E, MDM Section 10: All Section 11: All Section 12: All
N-76300	1,280.00	T25N-R35E, MDM Section 14: All Section 15: All
N-76301	2,504.00	T26N-R35E, MDM Section 36: All T25N-R36E, MDM Section 6: All T26N-R36E, MDM Section 31: All Section 32: All
N-86890	5,120.00	T25N-R35E, MDM Section 9: All Section 16: All Section 20: All Section 21: All Section 22: All Section 28: All Section 29: All Section 32: All
N-86893	2,547.00	T26N-R36E, MDM Section 20: All Section 21: All Section 28: All Section 33: All